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CURRENT PROBLEMS OF CORPORATE GOVERNANCE IN UKRAINE AND WAYS OF THEIR SOLUTION

The latest global economic crisis very clearly highlighted the lack of effectiveness of mechanisms for the protection of property and non-property rights of the investor even in those countries where corporate governance model has evolved over centuries. Accordingly, in the Ukraine, where joint-stock companies operate just little more 20-years, many gaps in corporate law in practice often lead to completely opportunistic behavior of particular shareholders and managers.

For more than two decades of its existence, the model of corporate governance in Ukraine not only facilitated the economic development, but also hindered it, because its main mechanisms have been directed to meet the interests of a narrow circle of people. Accordingly in the time, deep transformations of corporate management are based on a deep scientific analysis of the existing problems.

In terms of disproportionate distribution of assets as a result of the privatization, most of the population of Ukraine skeptically rated as its results and also continuing functioning of the corporate sector of the domestic economy. In turn, this situation for many years formed a negative assessment of shares as potential object of investments. It is clear that correcting of this situation requires significant steps by the state, including in terms of increasing of the investor rights protection.

In general, the major violations of rights of corporate governance subjects at the present stage in Ukraine can be reduced to the following:

1. Inequality of different shareholder groups in terms of respect for their property and non-property rights. In Ukraine for a long time often ignored the rights

of minority shareholders, because formed model of corporate governance does not allow this group of owners realizes their managerial powers.

2. Low level of transparency of domestic joint-stock companies activity. In this regard, we note that a significant portion of domestic corporations is limited to only publishing information provided by the current legislation, ignoring the role of financial communication in corporate management. Such trends are especially destructively impacting on public joint stock companies.

3. Receiving by particular groups of majority shareholders “income from control”, rather than dividends and currency exchange differences. Herewith, in Ukraine there is still no created effective model control for the managers, which takes into account reputation risks, managerial experience, etc.

4. Insufficient effectiveness of the state as an owner of corporate rights, ignoring of its interests in terms of compliance of property and non-property rights.

Created in Ukraine model of corporate governance not only prevents the violations of shareholders rights, but also directly supports them that reinforces the negative effects of other factors. So, researchers of corporate finances recognize that in real economy very spread cases, when information is divided among economic agents not equally, and particular stakeholders are even interested in the information asymmetry and try to get from this some benefits. Institutional mechanisms, which can prevent the spread of ineffective corporate governance practices, based on incomplete information, in the Ukraine still too weak.

Low level of constructed system of corporate governance in Ukraine is unconditional fact, as its destructive influence on corporate finance. In such conditions further development of corporate sector is possible only in the case of performing by the state and other subjects of corporate governance, which includes the following measures:

1. Providing of maximum possible level of minority shareholders rights protection as on the level of legislation, and also by the help of other institutional factors. Investor, independently from his concentrated volume of block of shares, should become the key person on the share market.

2. Due to the increase of the level of minority shareholders rights protection, in our view, can not only overcome trends of concentration of shareholders ownership, but also to some extent facilitate to its "commutation", because minority shareholders can fully realize their rights.

3. Reducing the destructive influence of "shadow" economy's sector on the corporate finance in Ukraine, restoring the role of dividends and currency exchange differences as defining types of incomes from investments in equity securities.

4. Strengthening the control over the managers' activity as from the side of the state and also from other stakeholders. Creating the conditions for effective functioning of "market of status" for managers, which will provide connection between the results of their activity and received benefits.

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